

Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 AID-20 CIAE-00 EB-11 FRB-03 INR-11

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-03

LAB-06 SIL-01 OMB-01 SAM-01 NSC-07 SS-20 STR-08

CEA-02 DODE-00 PA-04 USIA-15 PRS-01 DRC-01 /155 W

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC PRIORITY 8206

INFO USDOC WASHDC

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E.O. 11652: NA

TAGS: EAID EINV EG

SUBJECT: FAHMY DELEGATION: DEVELOPMENT PROJECTS

1. THE GOE IS STILL IN THE PROCESS OF DETERMINING THE SPECIFIC PROPOSALS IT INTENDS TO PRESENT TO THE US SIDE DURING THE FORTHCOMING VISIT OF FM FAHMY AND HIS DELEGATION. IN ORDER TO PERMIT AS MUCH ADVANCE NOTICE AS POSSIBLE, EMBASSY INTENDS TO SUBMIT THE INFORMATION IT CAN OBTAIN ON THE VARIOUS SUBJECTS AS SOON AS IT IS RECEIVED. THIS MESSAGE CONSTITUTES THE FIRST OF SUCH NOTIFICATIONS, COVERING SIX PROJECTS THAT THE DELEGATION INTENDS TO PROPOSE BE IMPLEMENTED UNDER THE AID PROGRAM OR AS JOINT VENTURES. WE ARE ADVISED THAT FEASIBILITY STUDIES, OR AT LEAST PRE-FEASIBILITY STUDIES FOR EACH PROJECT WILL BE MADE AVAILABLE IN WASHINGTON.

A. SHEET GLASS PLANT IN CAIRO TO PRODUCE 100,000 MT PER YEAR, ONE-HALF FOR EXPORT. ANTICIPATED COST LE 20 MILLION, OF WHICH FOREIGN CURRENCY LE 14 MILLION. START-UP IN 1978. WE UNDERSTAND THAT SUCH A PROJECT HAS ALREADY BEEN DISCUSSED WITH THE JAPANESE AND PERHAPS OTHERS, AS WELL AS MEMBERS OF THE US INDUSTRY TASK FORCE THAT VISITED EGYPT

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THIS WEEK.

B. SMALL PASSENGER CAR PLANT IN CAIRO, ALEXANDRIA, OR A FREE ZONE, TO PRODUCE ABOUT 25,000 UNITS INITIALLY, 5,000 FOR EXPORT. ANTICIPATED COST LE 26 MILLION, OF WHICH LE 18 MILLION FOREIGN CURRENCY. START-UP IN 1979/80. GOE SAYS GM HAS DISCUSSED THIS PROJECT IN RECENT PAST.

C. HEAVY TRUCK AND BUS PLANT IN CAIRO OR A FREE ZONE, TO PRODUCE 6,800 TRUCKS AND 1,200 BUSES ANNUALLY, HALF FOR EXPORT. ANTICIPATED COST LE 42 MILLION, OF WHICH LE 23 MILLION FOREIGN CURRENCY. START-UP IN 1978/79. GM IS REPORTEDLY ALSO FAMILIAR WITH THIS PROJECT.

D. GYPSUM CALCINING AND WALL BOARD PLANT IN CAIRO, TO PRODUCE 4.2 MILLION SQUARE METERS OF WALL BOARD ANNUALLY, NO EXPORTS. ANTICIPATED COST LE 1 MILLION, WITH LE 800,000 FOREIGN EXCHANGE INPUT. START-UP IN 1979.

E. SEMI-INTEGRATED STEEL PLANT IN UPPER EGYPT (SAMALUT) TO PRODUCE 400,000 MT OF REBARS FOR LOCAL CONSUMPTION. ANTICIPATED COST LE 30 MILLION, OF WHICH LE 21 MILLION FOREIGN CURRENCY. START-UP IN 1978. NO FURTHER DETAILS AVAILABLE AT THIS TIME.

F. CEMENT PLANT AT SUEZ, TO INITIALLY PRODUCE 1 MILLION MT, ONE-THIRD FOR EXPORT. ANTICIPATED COST LE 42 MILLION, OF WHICH LE 25 MILLION FOREIGN CURRENCY. START-UP IN 1979. A SECOND STAGE IS ENVISAGED IN 1981, TO PRODUCE AN ADDITIONAL ONE MILLION MT FOR EXPORT. WE ARE TOLD THAT THIS PROJECT WILL BE PROPOSED SPECIFICALLY AS PART OF THE SUEZ RECONSTRUCTION PROGRAM UNDER AID. MINISTER OTHMAN IS REPORTED TO HAVE ASKED HEGAZY TO INCLUDE THIS ITEM AS HIS NUMBER ONE PROJECT OUT OF THE ANTICIPATED \$150 MILLION.

2. COMMENT: THE EMBASSY HAD PREVIOUSLY HEARD THAT THE GOE WAS PREPARING A LIST OF 15 PROJECTS FROM WHICH THE US SIDE COULD SELECT THOSE THAT WERE OF INTEREST, BUT NO DETAILS WERE EVER OBTAINED. THE PRESENT LIST MAY REPRESENT A REFINEMENT OF THE EARLIER EFFORT, AND MAY ALSO CONSIST OF PROJECTS IN WHICH VARIOUS US FIRMS HAVE SHOWN AN INTEREST. LIMITED OFFICIAL USE

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IN ANY EVENT, WE HAVE THE IMPRESSION THAT THE GOE ATTACHES SOME IMPORTANCE TO SERIOUS CONSIDERATION OF THE PROPOSALS, AND IS PREPARED TO HAVE MEMBERS OF THE DELEGATION STAY ON IN THE US TO CONTINUE DISCUSSIONS IF NECESSARY. EILTS

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